



UNITED HAMPSHIRE US REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 18 September 2019
under the laws of the Republic of Singapore)

(Managed by United Hampshire US REIT Management Pte. Ltd.)

**PROPOSED DIVESTMENT OF FREESTANDING LOWE'S AND FREESTANDING SAM'S CLUB
PROPERTY WITHIN HUDSON VALLEY PLAZA**

1. INTRODUCTION

United Hampshire US REIT Management Pte. Ltd., as manager of United Hampshire US Real Estate Investment Trust ("**UHREIT**", and manager of UHREIT, the "**Manager**"), wishes to announce that UHREIT, through its indirectly wholly owned subsidiary UH US HUDSON VALLEY 2019, LLC (the "**Seller**") has on today entered into a conditional purchase and sale agreement (the "**Conditional Purchase and Sale Agreement**") with AGREE DEVELOPMENT, LLC, (the "**Purchaser**"), being an unrelated third party, in relation to the proposed divestment of the properties known as "Freestanding Lowe's" and "Freestanding Sam's Club Property" within Hudson Valley Plaza (the "**Properties**", and the divestment of the Properties, the "**Divestment**") for an aggregate consideration of US\$36.5 million (the "**Divestment Consideration**").

The Divestment is expected to be completed in August 2024 (unless otherwise agreed between the parties to the Conditional Purchase and Sale Agreement) ("**Completion**").

2. INFORMATION ON THE PROPERTIES

Property	Location	Description	Tenure	Net Leasable Area (sq ft)	Year of Building Completion
Freestanding Lowe's and Freestanding Sam's Club Property within Hudson Valley Plaza	801 & 901 Frank Sottile Boulevard Kingston, Ulster County, NY 12401	Two freestanding retail properties, leased and occupied by Sam's Club and Lowe's, respectively	Freehold	244,566	1996, most recently renovated in 1998

3. DIVESTMENT CONSIDERATION AND VALUATION

The Divestment Consideration was agreed on a willing-buyer and willing-seller basis, taking into account, among other factors, the independent valuation of the Properties conducted by Newmark Valuation & Advisory at US\$35.0 million as at 30 June 2024, based on the income capitalisation approach and the sales comparison approach (the "**Independent Valuation**"). The Independent Valuation had been commissioned by Perpetual (Asia) Limited in its capacity as trustee of UHREIT.

The Divestment Consideration of US\$36.5 million represents a premium of US\$2.9 million, or 8.8%, above the book value of the Properties, and US\$1.5 million, or 4.3%, above the Independent Valuation. Furthermore, the Divestment Consideration is US\$5.4 million, or 17.5%, higher than the purchase price of US\$31.1 million of the Properties. The estimated gain on divestment based on

the book value of the Properties is approximately US\$2.0 million, after taking into account the transaction-related expenses of approximately US\$1.0 million.

The remainder value of Hudson Valley Plaza (excluding the Properties), which includes the spaces occupied by Wal-Mart, Petsmart and Ashley Homestore, among others, has been valued at US\$26.7 million as at 30 June 2024 by Newmark Valuation & Advisory.

The valuation of the entire Hudson Valley Plaza as at 31 December 2023, was US\$51.2 million¹.

4. PRINCIPAL TERMS OF THE DIVESTMENT

4.1 The Purchaser shall, within three (3) business days of signing the Conditional Purchase and Sale Agreement, deposit in escrow, an earnest money deposit in the amount of US\$2 million, which sum shall be applied to the Divestment Consideration at Completion, in accordance with the terms and conditions of the Conditional Purchase and Sale Agreement (the "**Deposit**"). The Purchaser shall pay the balance of the Divestment Consideration on Completion (plus or minus closing adjustments in accordance with the terms of the Conditional Purchase and Sale Agreement). The Deposit shall be nonrefundable except in the event of a default by Seller and except as otherwise expressly provided in the Conditional Sale and Purchase Agreement.

4.2 Completion of the Divestment shall be conditioned upon the satisfaction of conditions precedent under the Conditional Sale and Purchase Agreement, which includes, among others:

- (a) the title to the Properties being insurable at Completion in accordance with the terms of the Conditional Sale and Purchase Agreement; and
- (b) the delivery by the Seller to the Purchaser three (3) business days prior to Completion current tenant estoppel certificates in respect of the lease agreement entered into with the tenants of the Properties,

in each case, in accordance with the terms and conditions of the Conditional Sale and Purchase Agreement.

5. USE OF DIVESTMENT PROCEEDS

5.1 The estimated net proceeds from the Divestment is approximately US\$35.5 million, after providing for the estimated transaction costs of approximately US\$1.0 million comprising the following:

- (a) the divestment fee payable to the Manager for the Divestment pursuant to the trust deed constituting UHREIT dated 18 September 2019 (and as may be amended, varied or supplemented from time to time) of approximately US\$0.2 million (being 0.5% of the Divestment Consideration). Such divestment fee is payable to the Manager in the form of cash and/or units of UHREIT ("**Units**"), as the Manager may elect, in such proportions as may be determined by the Manager; and
- (b) the estimated professional and other fees and expenses incurred or to be incurred by UHREIT in connection with the Divestment of approximately US\$0.8 million.

5.2 Such net proceeds from the Divestment may be used to repay existing debts, finance capital expenditure, fund potential higher yielding acquisition opportunities and/or for other general corporate requirements.

¹ Based on the independent valuation as at 31 December 2023 undertaken by CBRE, Inc., taking into account capital expenditure, tenant improvements, leasing costs and amortisation of right-of-use asset recognised during the full year period.

6. RATIONALE OF THE DIVESTMENT

The Manager believes that the Divestment will bring the following key benefits to unitholders of UHREIT (“Unitholders”).

Active portfolio management to enhance value for Unitholders

The Divestment is in line with the Manager’s pro-active portfolio management strategy to maximise the operational performance of assets and capitalise on opportunities to improve financial flexibility. This will enable the Manager to pursue growth opportunities to enhance the resilience, diversification and value of UHREIT’s portfolio for Unitholders.

Strengthen capital structure and enhance financial flexibility

The Divestment provides UHREIT with the opportunity to strengthen its capital structure and enhance its financial flexibility. The proceeds from the Divestment will, amongst others, provide the Manager with financial flexibility to pare down bank borrowings to improve UHREIT’s average leverage ratio. This is expected to (i) lower UHREIT’s aggregate leverage ratio from 41.7% as at 31 December 2023 to 39.0% on a pro forma basis, and (ii) improve its adjusted interest coverage ratio from 2.9 times for the financial year ended 31 December 2023 (“FY2023”) to 3.2 times on a pro forma basis.

Realise value of capital appreciation

The Divestment allows UHREIT to realise capital gains from the Properties. The Divestment Consideration of US\$36.5 million is attractive and represents an 8.8% increase from the book value of the Properties as at 30 June 2024, and a 17.5% increase from the purchase price of the Properties.

7. PRO FORMA FINANCIAL EFFECTS OF THE DIVESTMENT

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on UHREIT presented below were prepared based on the audited financial statements of UHREIT for FY2023.

The pro forma effects are for illustrative purposes only and do not represent UHREIT’s actual distribution per Unit (“DPU”), net asset value (“NAV”) per Unit, aggregate leverage or adjusted interest coverage ratio following Completion.

7.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on the DPU for FY2023, as if UHREIT had completed the Divestment on 1 January 2023, are as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
Net property income (US\$’000)	50,648 ⁽¹⁾	48,167
Income available for distribution to Unitholders (US\$’000)	27,621	27,487 ⁽¹⁾
Number of Units (’000) ⁽²⁾	581,668	581,653
DPU (US cents)	4.79	4.77

Notes:

(1) There will be no distribution in respect of Divestment of the Properties.

(2) Number of Units in issue as at 31 December 2023.

7.2 Pro Forma NAV

FOR ILLUSTRATIVE PUROSES ONLY: The pro forma financial effects of the Divestment on the NAV as at 31 December 2023, as if UHREIT had completed the Divestment on 31 December 2023, are as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
NAV (US\$'000)	431,585	430,150
Number of Units ('000) ⁽¹⁾	581,668	581,653
NAV per Unit (US cents)	0.74	0.74

Notes:

(1) Number of Units in issue as at 31 December 2023.

7.3 Pro Forma Aggregate Leverage and adjusted Interest Coverage Ratio

FOR ILLUSTRATIVE PUROSES ONLY: The pro forma financial effects of the Divestment on the aggregate leverage as at 31 December 2023 and interest coverage ratio for FY2023, is as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
Aggregate leverage	41.7%	39.0% ⁽¹⁾
Interest Cover Ratio (times)	2.9	3.2 ⁽²⁾

Notes:

(1) Assumes that the Divestment was completed on 31 December 2023.

(2) Assumes that the Divestment was completed on 1 January 2023.

8. OTHER INFORMATION

8.1 Disclosure under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual of the SGX-ST (the "**Listing Manual**") classifies transactions by an issuer into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following applicable bases of comparison set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual:

- (a) the net asset value of the assets to be disposed of, compared with UHREIT's net asset value;
- (b) the net profits attributable to the assets acquired or disposed of, compared with UHREIT's net profits; and
- (c) the aggregate value of the consideration given or received, compared with UHREIT's market capitalisation based on the total number of issued Units.

Rule 1006(d) of the Listing Manual does not apply in relation to the Divestment as no Units will be issued as consideration for the Divestment.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a "discloseable transaction" under Rule 1010 of the Listing Manual which would require the issue of an announcement. In the case of REITs, where any of the relative figures computed on the bases set out above is 50.0% or more based on the aggregate value of all disposals in the last 12 months, the transaction is classified as a "major transaction" under Rule 1014(3) of the Listing Manual which would be subject to the approval of

Unitholders.

The relative figures computed on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual in respect of the Divestment is as follows:

Comparison of	The Divestment	UHREIT	Relative Figure (%)⁽¹⁾
<u>Rule 1006 (a)</u> NAV of the Properties to be disposed of, compared with UHREITs NAV as at 31 December 2023 (US\$'000)	31,720 ⁽²⁾	431,585	7.35
<u>Rule 1006(b)</u> Net property income attributable to the Properties to be disposed of, compared with the NPI of UHREIT for FY2023 (US\$'000)	2,481	50,648 ⁽³⁾	4.9
<u>Rule 1006 (c)</u> Divestment Consideration against Market Capitalisation (US\$'000)	36,500	247,965 ⁽⁴⁾	14.7

Notes:

- (1) Based on the audited financial statements of UHREIT for FY2023.
- (2) Based on book value of the Properties as at 31 December 2023.
- (3) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (4) Market capitalisation is computed based on the weighted average price of a Unit on the SGX-ST of US\$0.425 on 12 August 2024, being the market day prior to the date of entry into the Conditional Purchase and Sale Agreement.

As all of the relative figures computed on the bases set out in Rule 1006(a), Rule 1006(b) and Rule 1006(c) of the Listing Manual in respect of the Divestment exceed 5% but does not exceed 20.0%, the transaction is classified as a disclosable transaction.

The Manager has also taken into consideration the prior divestment of Big Pine Centre which was divested in August 2023 for a consideration of US\$9.9 million and confirms that none of the relative figures set out above exceeds 50% based on the aggregate value of all disposals in the last 12 months. The Manager is further of the view that the Divestment is in the ordinary course of UHREIT's business. As such, the Divestment is not subject to Unitholders' approval under Rule 1014(3) of the Listing Manual .

8.2 Interest of Directors and Controlling Unitholders

Based on the information available to the Manager as at the date of this announcement, none of the directors of the Manager ("**Directors**") has an interest, direct or indirect, in the Divestment. The Directors are also not aware of any Controlling Unitholder (as defined in the Listing Manual) having any interest, direct or indirect, in the Divestment, and have not received any notification of interest in the Divestment from any Controlling Unitholder.

8.3 Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transaction contemplated in relation to the Divestment.

8.4 Documents for Inspection

Copies of the Conditional Purchase and Sale Agreement and the valuation reports on the

Properties by Newmark Valuation & Advisory are available for inspection by prior appointment during normal business hours at the registered office of the Manager at 80 Raffles Place, #28-21, UOB Plaza 2, Singapore 048624, during normal business hours for three months from the date of this announcement.

BY ORDER OF THE BOARD

Gerard Yuen
Chief Executive Officer

United Hampshire US REIT Management Pte. Ltd.
(Company Registration No. 201916768W)
As Manager of United Hampshire US Real Estate Investment Trust

13 August 2024

IMPORTANT NOTICE

This announcement is for information only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for the Units in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by UHREIT, United Hampshire US REIT Management Pte. Ltd., Perpetual (Asia) Limited (in its capacity as trustee of UHREIT), or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The holders of Units have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that holders of Units may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of UHREIT. The forecast financial performance of UHREIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. The past performance of UHREIT is not necessarily indicative of its future performance.